

25X1A9a

Services Division
European Satellite Committee

25X1A9a

Meeting of 3 September 1958

25X1A9a

25X1A9a

Present: [redacted] S/COM; [redacted] S/CST; [redacted]
[redacted] ds, [redacted] S/TD; [redacted] S/TF;
[redacted] S/TR; [redacted] A/E; [redacted] I/PE; Connelly,
[redacted] M/FM; [redacted] M/NF.

25X1A9a

Mr. [redacted] S/TD, talked to the Committee on the significance of the new International Export Control Lists. He reviewed the varying points of view of the different echelon of the government: (1) the point of view of Congress in passing the legislation; (2) that of the National Security Council in carrying out the policy contained in these laws; (3) that of the high-level economists in the government who are of the opinion that trade controls cannot hurt the Bloc very much from an economic viewpoint but do have a political effect by stigmatizing the Bloc as an aggressor; (4) that of the working-level echelon who consider a single industry or a single item for its strategic importance in light of COCOM criteria; and (5) finally, that of the State Department negotiator who has to make the best deal possible considering many other factors.

Mr. [redacted] then commented on the historical perspective of trade controls and the shifts of emphasis in policy from the passage of the original act in 1951. When COCOM was originally set up in 1949, the U.S. sought to lessen the differential between its and other countries' export controls and wanted better enforcement. During the period of the Korean War, the National Security Council strengthened the demand that military goods and goods useful in making items of war be denied to China, the USSR, and the European Satellites. But even then the importance of Eastern Europe and goods to Western Europe was recognized. Following the armistice after the Korean War, the emphasis of directives was changed and "healthy trade"--as Churchill put it--was encouraged. There was a substantial reduction of items on the prohibited lists in 1954. In May 1957 the China differential ceased to exist. The latest directive continues to recognize the need of an economic defense program to prohibit export of strategic materials to the Communist countries who threaten world peace, yet recognition is given to the fact that East-West trade may be beneficial to the West, that tensions may be eased, and disunity of the Bloc promoted by this trade. COCOM is to be regarded as one of the organizations within the system of western alliances and is to be preserved. Concomitantly with a certain amount of relaxation, there was a change in policy to Poland, and strategic commodities could be exported to that country if necessary for its civilian economy.

As a result of the latest list review in COCOM, there have been further substantial reductions in export controls lists. The lists have been "modernized". The new concept of items to be embargoed is that they must be more of a military

~~SECRET - CIA Internal Use Only~~

25X1A9a

character than formerly and more closely related to modern weapons systems. The items retained are narrowly defined and are closely related to atomic energy, guided missiles, propellants, military electronics, communications, high temperature metals, explosives, etc. Mr. [REDACTED] reviewed the new lists in detail showing new items added and old items dropped. The judgment of CIA is that the recent reduction in commodities embargoed could not result in a significant increase in the Sino-Soviet Bloc military capability.

25X1A9a

Mr. [REDACTED] suggested as a later program for the Satellite Committee a discussion of Polish policy as a part of our economic defense policy.

25X1A9a

There will be no meeting of the Satellite Committee on 10 September. On 17 September the Committee will meet at 1330 in Room 1121 M Building, and Mr. [REDACTED] DD/P, will discuss DD/P capabilities in requirements.

25X1A9a

[REDACTED]

Secretary